

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6763**

**BILL NUMBER:** HB 1078

**NOTE PREPARED:** Mar 28, 2005

**BILL AMENDED:** Mar 21, 2005

**SUBJECT:** Coal Reclamation Fees.

**FIRST AUTHOR:** Rep. Hoffman

**FIRST SPONSOR:** Sen. Weatherwax

**BILL STATUS:** As Passed Senate

**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill revises the reclamation fees per ton of coal produced for surface and underground coal mining operations. It directs the Center for Coal Technology Research to investigate matters concerning coal bed methane. It also provides that clean coal and energy projects include projects that use coal bed methane.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** *Center for Coal Technology Research.* This bill requires the Center for Coal Technology Research to investigate the reuse of coal bed methane. The bill also requires the Center to investigate the use of coal bed methane in the production of renewable or alternative fuels and renewable energy sources. This provision should have no additional fiscal impact.

**Background.** The Center for Coal Technology Research is located at Purdue University at West Lafayette. The Center cooperates with and may use the resources of the Indiana University Geological Survey and other state educational institution; state or federal agency; political subdivision; and interest groups. The Center was established to, among other provisions, develop technologies that can use Indiana coal in an environmentally and economically sound manner; investigate the reuse of clean coal technology byproducts; generate innovative research in the field of coal use; and develop new, efficient, and economical sorbents for effective control of emissions.

**Explanation of State Revenues:** (Revised) ***Reclamation Fees:*** This bill sets the reclamation fee at \$0.055 per ton of coal produced from surface coal mining operations and at \$0.03 per ton of coal produced from underground coal mining operations. The fee currently is \$.055 per ton on surface mined coal and \$0.03 per

ton on underground mined coal. The current fee is set to sunset on June 30, 2005. The bill would make the existing fees permanent, so revenue collections should remain constant.

If rates decreased from the current \$0.055 to \$0.03 per ton surface mined coal and from \$0.03 to \$0.02 per ton of underground mined coal, revenue would decrease by an estimated \$745,000 for FY 2006.

*Background:* Reclamation fees are collected by the Department of Natural Resources (DNR). The fee is charged on coal mined in Indiana. It is assessed at time of sale and due to DNR on a quarterly basis. Reclamation fee revenues are deposited in the Natural Resources Reclamation Division Fund and used to fund the operations of the division.

<b>Indiana Coal Production in Millions of Tons</b> (FY 1999 through FY 2004)						
	FY00	FY01	FY02	FY03	FY04	5-Year Average
Surface	27.2	26.6	28.6	26.3	26.4	27.0
Underground	4.6	5.7	7.9	7.8	9.3	7.0
TOTAL	31.8	32.3	36.5	34.2	35.8	34.1
Note: Numbers have been rounded.						

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** DNR

**Local Agencies Affected:**

**Information Sources:** DNR

**Fiscal Analyst:** Bernadette Bartlett, 317-232-9586.